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Potatoes and Potato Products Annual

Annual Market and Competitor Report

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Report Highlights:

Ware potato production in 2010 is expected to be down in the Benelux countries, France, Germany and Poland. The output of potato products for MY2010/11 is also expected to be lower than in the previous marketing year. This will subsequently lead to lower exports to markets outside the EU, which will likely create additional opportunities for the US industry in these markets.

Executive Summary:

This Potatoes & Potato Products report is an Annual Market & Competitor report. For the purpose of this report, the focus is on potato production and processing in the Benelux countries, France, Germany and Poland and on EU-27 exports of Frozen Potato Products (HS 200410). The EU-27 Frozen Potatoes exports (HS 071010) are not part of this report since they are not significant. Valuable contributions were made from the following Foreign Agricultural Service analysts:

Dietmar Achilles FAS/Berlin covering Germany
Xavier Audran FAS/Paris covering France
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I. Policy

The EU Common Market Organization for Fruits and Vegetables (CMO) was reformed in 2007 and includes potatoes. The aim was to bring the F&V sector in line with other agricultural sectors that were already reformed under the [Common Agricultural Policy \(CAP\)](#). [Council Regulation 1234/2007](#) established a single common market organization (CMO) for all agricultural products, and the policy changes agreed in the context of the CMO reforms for fruit and vegetables were incorporated in the single CMO by [Council Regulation 361/2008](#). The old-style production-linked payments have been replaced by decoupled payments. The shift from production support to direct aid to producers was designed to improve the competitiveness, market orientation and sustainability of the sector. Potatoes have become eligible for the CAP decoupled payments as well, http://ec.europa.eu/agriculture/markets/potato/index_en.htm.

II. Potato Production

Benelux

Although the official preliminary figures for the 2010 potato harvest will be released later this year, the production of ware potato in the Benelux is expected to be 6.6 million MT. Production will be down by 5% which is the result of a lower yield (-10%), despite an increase of potato acreage (+6%). The overall lower yields is the result of a combination of a cold spring, a dry July, and a cold and rather wet August.

Table 1: Ware potato production in the Benelux, MT

	2007	2008	2009*	2010**
Belgium	3,333,155	2,975,116	3,268,171	3,253,698
The Netherlands	3,604,277	3,630,985	3,644,907	3,323,810
Total	6,937,432	6,606,101	6,913,078	6,577,508

Source: NIS National Institute for Statistics, CBS Bureau of Statistics, FAS/The Hague

* Revised figures

** FAS/The Hague estimates

France

The 2010 French potato harvest is down 10 percent from 2009 due to a cold spring combined with a lack of moisture during the growing season (May to July), followed by excessive rain during the harvest. The average size was also notably lower than the average.

Table 2: Ware potato production in France, MT

	2007	2008	2009*	2010**
France	5,421,933	5,075,028	5,389,735	4,683,000

* Semi definitive figure

** Estimates French Ministry of Food and Agriculture

Germany

Total potato production in 2010 is forecast to reach only 9.5 MMT, almost twenty percent less than in 2009, partly due to a lower production area but mainly due to inferior production conditions. Roughly 60-65 percent of the total German potato harvest could be considered ware potatoes for human consumption. Quality is reported to be somewhat problematic. Due to current rainy weather about 70 percent of the potatoes are still in the ground by the end of September compared to 30 percent in normal years. Harvest is said to be at least two to three weeks delayed.

Table 3: Ware potato production in Germany, MT

	2007	2008	2009	2010*
Germany	6,270,000	7,090,000	7,302,000	6,000,000

Source: German Statistics Office

* FAS Germany estimate

Poland

Planted area and production in MY 2010/11 is expected to be lower than in MY 2009/10. The quality of the ware potatoes is also expected to be lower this year due to long periods of unfavorable weather conditions during the growing season.

Area planted is estimated at around 490,000 hectares, while production is estimated at 8.5 MMT. Prices are expected to rise due to the combination of smaller crop and poorer quality product.

Table 4: Ware potato production in Poland, MT

	2007	2008	2009*	2010**
Poland	117,791,000	10,462,000	9,230,000	8,500,00

Source: National Research Institute of Agricultural and Food Economics, National Federation of Potato Producers

* Estimates

** Forecast

III. Potato Processing

Benelux

In 2009, Belgium processed over 2.9 million MT of potatoes, yielding 1.5 million MT of product. The output of pre-fried potato products totaled almost 1 million MT (product weight). The industry expects the output for this year to be similar to last year's. The expanding processing capacity can only be fully utilized if sufficient ware potatoes can be sourced regionally. The pre-fried potato products industry in both Belgium and the Netherlands is strongly focused on export markets outside the EU-27.

Table 5: Belgian output of Potato Products, 1,000 MT

	CY 06	CY 07	CY 08	CY 09 *	CY 10**
Pre-fried products [1]	651	771	909	990	995
Other products	497	497	438	528	525
Total	1,148	1,268	1,348	1,517	1,520

Source: Belgapom Belgian potato trade and processing organization

* Revised figures

** FAS/The Hague estimates

In the Netherlands, this year's potato harvest is estimated to be 3.3 million MT. Of this quantity, between two-thirds and three-quarters is destined for the processing industry and the remaining will find its way to the fresh market.

In MY 09/10 [2], around 2.3 million MT Dutch potatoes were used for further processing. In addition, almost 1.1 million MT potatoes were imported to fully utilize the processors' capacity. For this Marketing Year (MY 10/11), total output of potato products is expected to be lower due to lower production of ware potatoes in not only the Netherlands but also neighboring countries.

Table 6: Dutch output of Potato Products, 1,000 MT

	MY 07/08	MY 08/09	MY 09/10	MY 10/11*
Pre-fried products [3]	1,356	1,370	1,442	1,424
Other products	404	387	404	378
Total	1,760	1,757	1,846	1,802

Source: Product Board Arable Products

*Forecast

Germany

German processing of potatoes for food products is gradually increasing at the expense of fresh consumption. Due to high raw material prices and a significantly shorter crop, processing volume will shrink in MY 2010/11. Processors are forced to lower their quality and size standards to obtain sufficient raw potatoes.

Table 7: German output of Potato Products, 1,000 MT

	MY 07/08	MY 08/09	MY 09/10	MY 10/11*
Pre-fried products [4]	920	950	1,000	900
Other products	2,203	2,250	2,250	2,200
Total	3,123	3,200	3,250	3,100

Source: ZMP Market Balance and AMI – Agrarmarkt-Informationsgesellschaft

* Forecast

Poland

Table 8: Poland output of Potato Products, 1,000 MT

	CY 07	CY 08	CY 09 *	CY 10**
Pre-fried products [5]	209	216	221	225

Source: National Research Institute of Agricultural and Food Economics, Ministry of Finance, National Statistic Office

For MY 2010/11 the total output of potato products is expected to remain essentially unchanged.

IV. EU-27 Frozen Potato Products Exports and Outlook

The majority (81%) of the EU trade in frozen potato products is within the EU. Exports of frozen potato products to non-EU countries represent almost 20% and this percentage continues to grow steadily. The main markets outside the EU-27 include Brazil, Saudi Arabia, Russia, South Africa and the UAE, covering almost 50% of total exports.

Table 9: EU-27 Exports of Frozen Potato Products, MT

	MY 07/08	MY 08/09	MY 09/10
World	2,937,790	3,081,202	3,366,940
EU-27	2,471,854	2,641,128	2,730,299
Brazil	52,556	34,788	112,984
Saudi Arabia	69,177	73,994	75,255
Russia	65,423	57,631	59,866
South Africa	19,841	4,971	35,337
United Arab Emirates	21,841	18,017	25,568
Chile	10,886	13,223	22,556
Australia	21,240	28,676	22,201
Malaysia	9,722	15,358	20,895
Kuwait	16,194	10,653	17,765
Japan	9,265	13,605	16,481
Other	169,791	169,158	227,733

Source: Global Trade Atlas

Within the EU-27, the Netherlands and Belgium are the leading exporters of frozen potato products. Benelux countries' exports in MY 09/10 totaled 501,583 MT, or almost 80% of total EU-27 exports to third markets. The leading export markets continue to be Brazil, Saudi Arabia and the UAE. Poland, Germany and France are also active on the export market, exporting respectively 66,005 MT, 35,759 MT and 26,939 MT. Due to its location and tradition, Poland is the leading EU supplier to Russia. Other markets for Poland for that same reason include Ukraine, Serbia, Croatia and Belarus. France's main export market outside the EU is Saudi Arabia. The prime export markets for German potato products are Brazil, the UAE, Japan and Croatia.

Table 10: EU-27 leading exporters and their main export markets in MY 09/10, MT

	EU-27 Exports to Non-EU Countries						
	Netherlands	Belgium	Poland	Germany	France	Other	Total
Brazil	47,929	51,028	-	13,303	-	-	112,984
Chile	5,602	15,569	-	1,386	-	0	22,557
Trinidad & Tobago	9,036	1,822	-	-	-	-	11,564
Panama	5,575	-	-	-	-	1,040	6,615
Saudi Arabia	44,321	21,991	-	-	8,322	-	75,255
UAE	11,989	9,751	-	3,625	-	-	25,568
Kuwait	11,961	4,884	-	-	-	-	17,765
Russia	14,401	1,387	43,547	-	-	-	59,866
Croatia	4,763	1,603	2,985	2,075	-	1,073	12,499
Ukraine	-	-	8,231	-	-	1,732	9,963
China	3,456	5,345	-	-	-	-	9,478
Thailand	-	4,924	-	-	-	1,005	5,929
Malaysia	6,814	13,161	-	-	-	-	20,895
Japan	-	13,311	-	2,190	-	-	16,481
Philippines	1,330	11,346	-	-	-	-	12,701
Australia	13,026	8,689	-	-	-	-	22,201
South Africa	6,232	17,544	-	-	11,307	-	35,337
Others	72,909	59,884	11,242	13,180	7,310	-	158,983
Total Exports	259,344	242,239	66,005	35,759	26,939	-	636,641

Source: Global Trade Atlas

* Exports lower than 1,000 MT were not mentioned

Export opportunities are primarily determined by developments on the demand side, both by the fast food industry and by consumer concerns such as the economic crisis, food safety concerns and the move towards healthier lifestyles and diets.

FAS/The Hague expects EU-27 exports of Frozen Potato Products and total potato products to decline in MY 10/11 due to an overall lower production in the Netherlands, France, Germany and Poland. Although Belgium's processing capacity continues to expand, Belgium's production is expected to be similar to last year's. FAS/The Hague does expect Belgium to play a bigger role in non-EU export markets in the coming years mainly due to lower expected potato output in the Netherlands, Germany, France and Poland. Finally, export opportunities for US companies will depend on local availability and competitors' presence in the targeted export markets.

Previous reports from FAS/The Hague on this subject can be found on

<http://www.fas.usda.gov/scripts/attacherep/default.asp>. Below you will find a selection of related reports from FAS/The Hague and other FAS Posts.

Report Number	Report Title	Date Released
NL9034	EU Potato Products Annual	12/22/2009

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Appendix I

Netherlands	Year	Harvested Acreage (Ha)	Yield Kg/Ha	Total Production/MT
Ware Potatoes	2005	65,632	49,000	3,213,019
	2006	69,110	44,500	3,076,946
	2007	72,245	49,900	3,604,277
	2008	69,302	52,400	3,630,985
	2009*	70,365	51,800	3,644,907
	2010**	72,100	46,100	3,323,810

Source: CBS Bureau of Statistics, FAS the Hague

* Revised figures

** FAS The Hague estimates

Belgium	Year	Harvested Acreage (Ha)	Yield Kg/Ha	Total Production/MT
Ware Potatoes	2005	62,501	46,100	2,879,568
	2006	64,685	42,200	2,727,737
	2007	65,402	51,000	3,333,155
	2008	61,450	48,400	2,975,116
	2009*	70,915	46,086	3,268,171
	2010**	77,469	42,000	3,253,698

Source: NIS National Institute for Statistics, FAS The Hague

* Revised figures

** FAS The Hague estimates

^[1] Mainly fries

^[2] Marketing years run from July until June

^[3] Mainly fries

^[4] Mainly fries

^[5] Mainly fries and chips

Commodities:

Potato Products, Frozen

